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# Impact Fees Fund Improvements Needed to Serve New Development While Maintaining Regulatory Compliance and Quality of Service

**Tarkington Special Utility District**

**May 9, 2024**

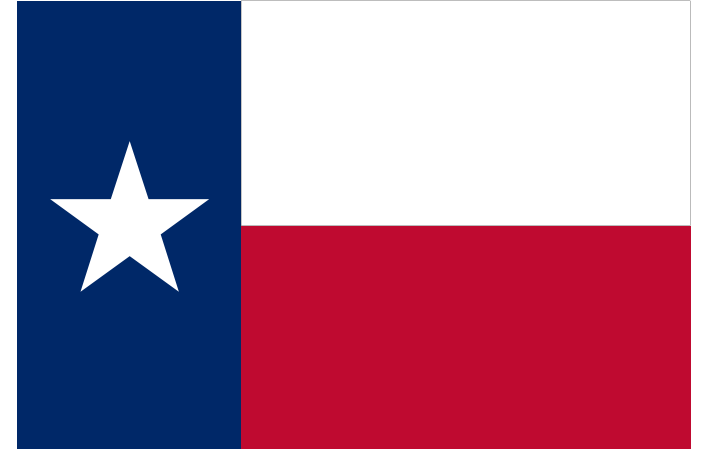
**Blake Faldyn  
Morgan Ruiz**

# Agenda

- What is an Impact Fee?
- Impact Fee Development Process
- Approved Land Use Assumptions (LUAs) and Water Capital Improvement Plan (CIP)
- Maximum Assessable Impact Fees
- Capital Improvement Advisory Committee (CIAC) Feedback
- Next Steps

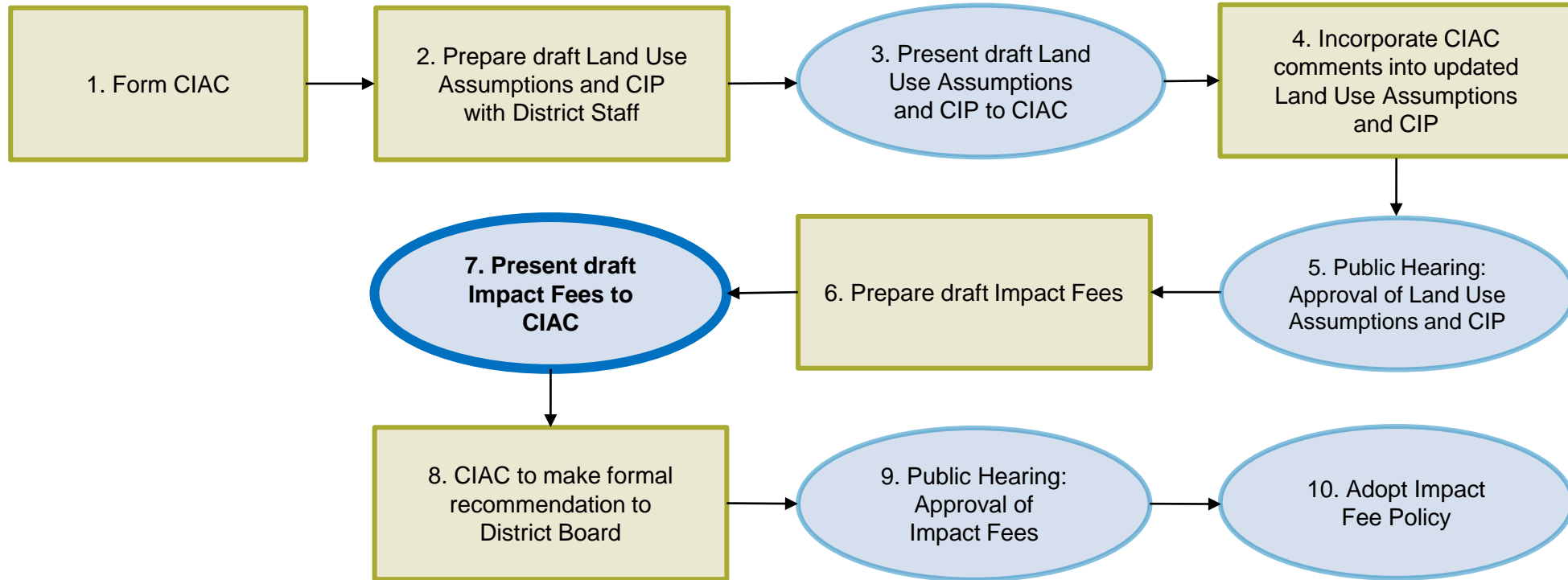
# What is an Impact Fee?

- Charge or assessment imposed by a District to generate revenue to fund or recoup costs of capital improvements or facility expansions associated with new development
- Governed by Texas Local Government Code, Chapter 395
- Items payable by impact fees include construction costs, survey and engineering fees, land acquisition costs, and consulting fees to prepare and update the CIP
- Calculations consider only the portion of the CIP attributable to new development over a period of 10 years
- Lessens the burden of increasing utility rates and taxes on existing residents and employers that are currently paying for such infrastructure improvements



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# Impact Fee Development Process Provides Multiple Opportunities for Input and Comment



**Key:**



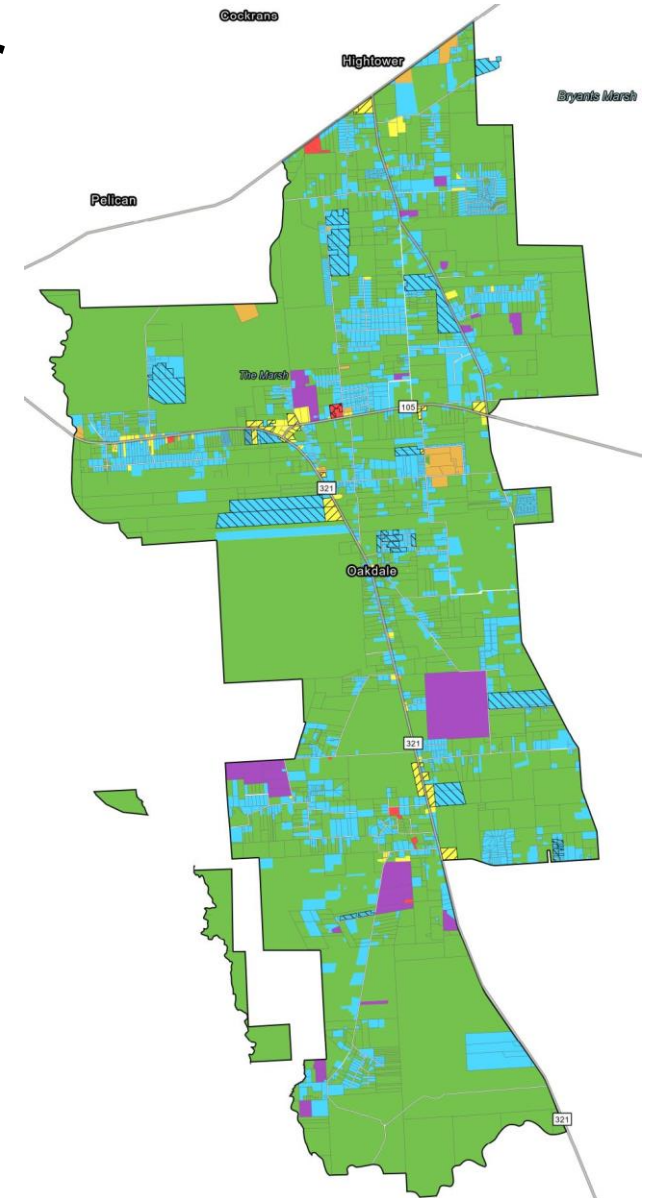
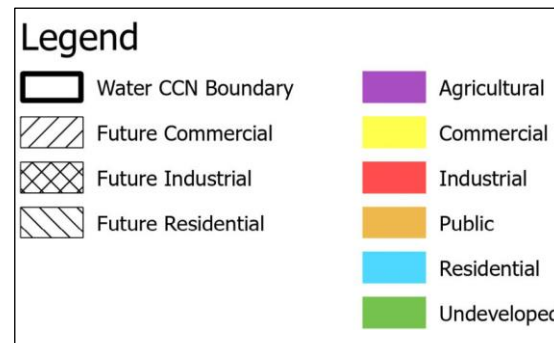
– Action Items



– Opportunities for Input

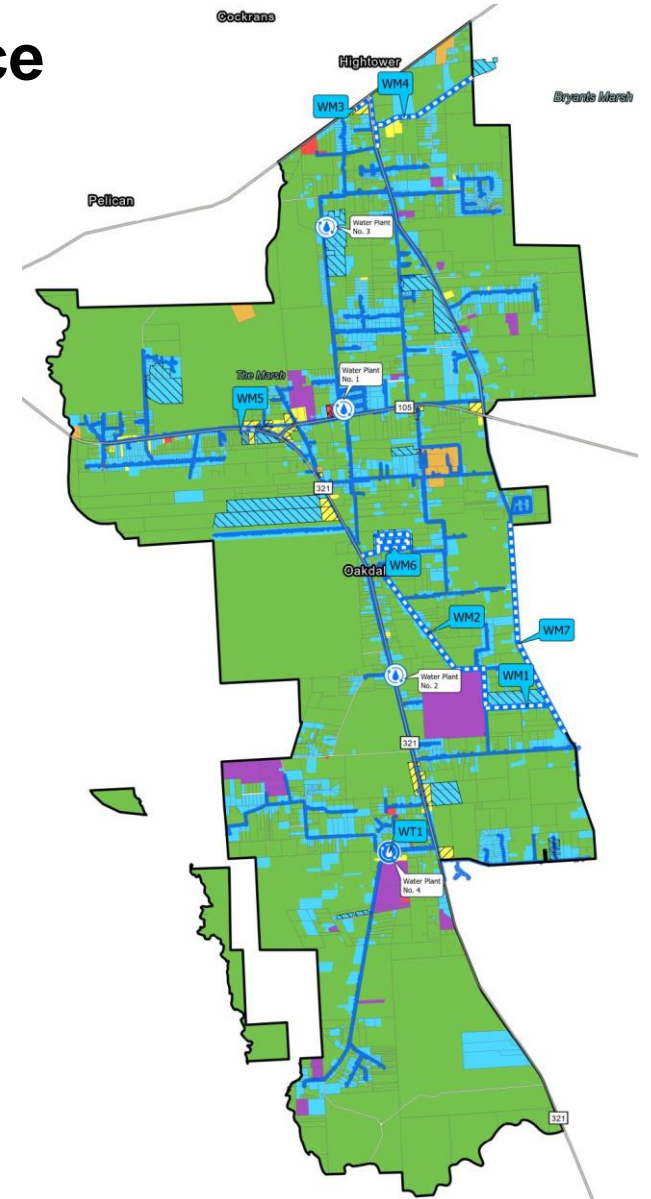
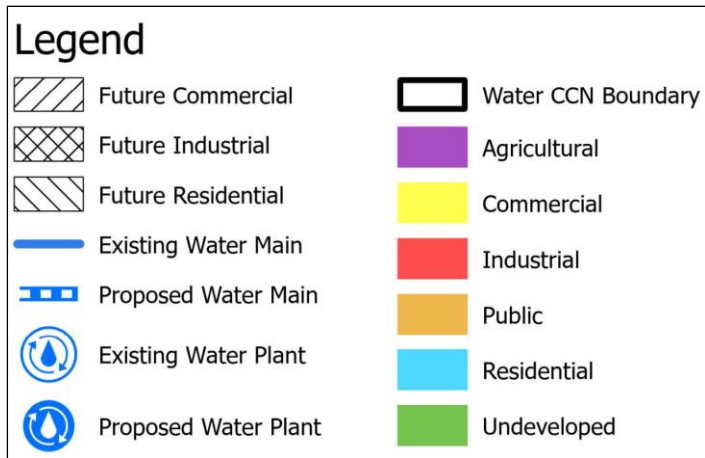
# Approved LUAs Defines Service Area Boundary for Water Impact Fees

- LUAs: description of the service area and projections of changes in land uses, densities, and population in the service area over a 10-year period
- Water Connection Population Projections:
  - Current (2023) = 6,589 people
  - 10-Year (2033) = 9,407 people
- Service Unit = Equivalent residential water meter connection rated for 10 gpm of continuous flow



# Approved Water CIP Maintains Regulatory Compliance and Quality of Service

- Water Project IDs:
  - WT = Water Treatment (1 project)
  - WM = Water Mains (7 projects)
  - Study = Water Impact Fee Study



# Water Impact Fees Fund Eligible Capacity Improvements on the Water CIP

Water CIP Projects				Connections Served By Project				Opinion of Probable Costs		
ID	Name	Year	Project Description	Ultimate	Existing	10-Year	10-Year (%)	Total Costs (2023 Dollars)	10-Year Costs (2023 Dollars)	10-Year Costs (Escalated)
WT1	Plant 4 Improvements	2030	Construct a groundwater plant having one well, BPS, GST, and treatment facilities.	667	0	152	22.8%	\$ 3,900,000	\$ 888,756	\$ 1,192,703
WM1	County Road 2278B WM	2024	4,700 LF of 6-inch water main extension along County Road 2278B.	125	0	125	100.0%	\$ 1,015,000	\$ 1,015,000	\$ 1,076,505
WM2	County Road 2274 WM	2025	14,750 LF of 6-inch water main replacement along County Road 2274.	210	85	125	59.5%	\$ 3,180,000	\$ 1,892,857	\$ 2,087,859
WM3	FM 2518 WM	2026	3,400 LF of 6-inch water main extension along FM 2518.	15	0	9	60.0%	\$ 735,000	\$ 441,000	\$ 505,889
WM4	County Road 2184 WM	2028	12,200 LF of 6-inch water main extension along County Road 2184.	47	0	47	100.0%	\$ 2,620,000	\$ 2,620,000	\$ 3,250,758
WM5	TX-321 WM	2030	1,100 LF of 6-inch water main replacement along TX-321.	52	3	29	55.8%	\$ 250,000	\$ 139,423	\$ 187,105
WM6	County Road 2271 WM	2032	9,700 LF of 6-inch water main replacement along County Road 2271, 2272, and 2273.	65	28	22	33.8%	\$ 2,090,000	\$ 707,385	\$ 1,026,768
WM7	CR 2285/ FM 163 WM	2033	15,950 LF of 6-inch water main extension along County Road 2285/ FM 163.	140	0	140	100.0%	\$ 3,420,000	\$ 3,420,000	\$ 5,162,691
Study	Study	2023	Water Impact Fee Study	1	0	1	100.0%	\$ 55,000	\$ 55,000	\$ 55,000
								<b>\$ 17,265,000</b>	<b>\$ 11,179,420</b>	<b>\$ 14,545,279</b>



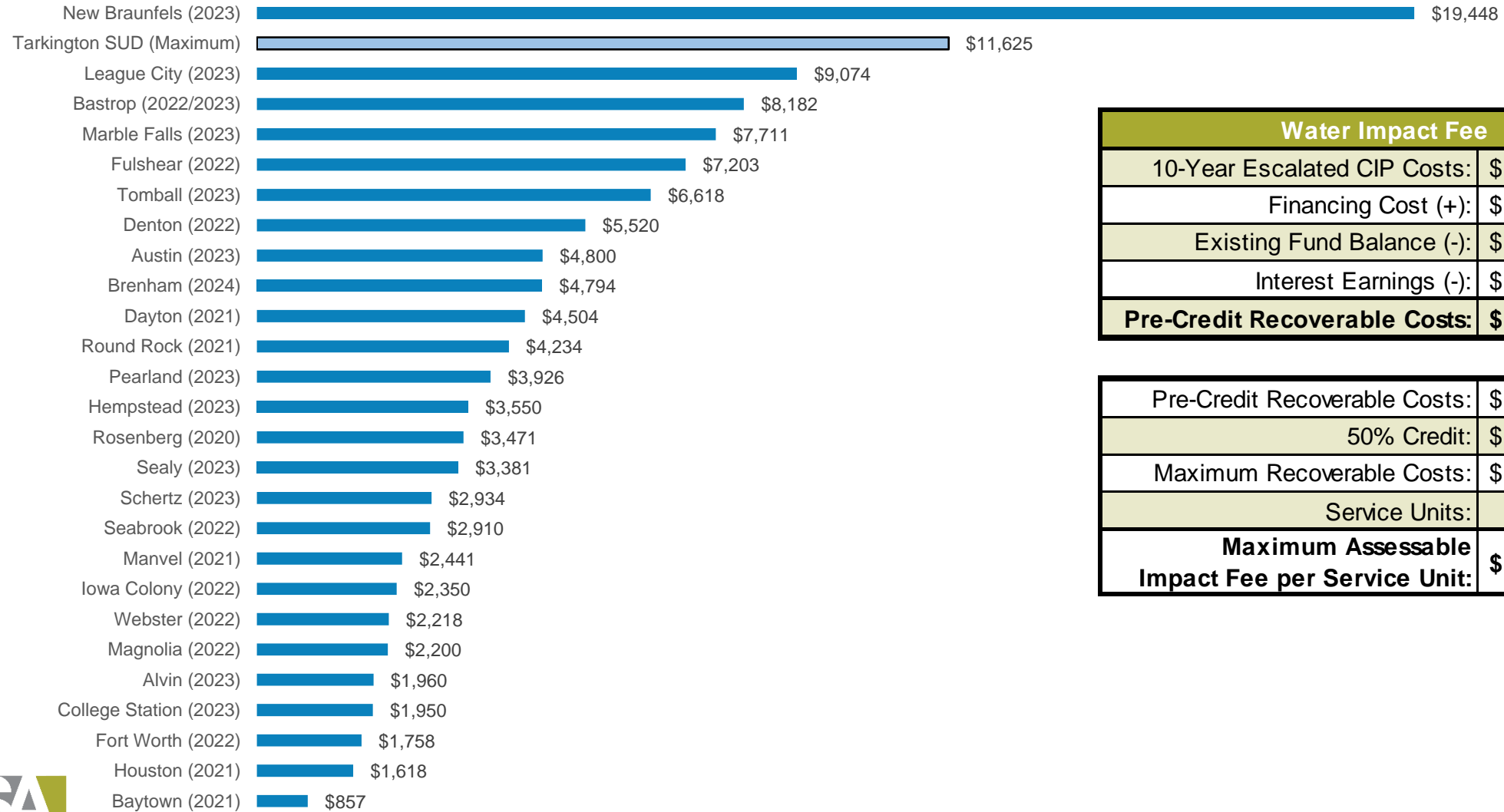
# Chapter 395 Allows Credit to be Awarded to Developers Using Two Different Methods, Revenue Credit and 50 Percent Credit

- CIP costs, financing costs (5.0%), existing fund balances, and interest earnings (1.28%) are considered in calculating pre-credit recoverable costs
- Revenue credit method awards credit for portion of ad valorem taxes and utility service revenues generated by new service units
- 50 percent credit method assumes a credit equal to 50 percent of the total projected cost
- Maximum assessable impact fees are calculated by dividing maximum recoverable costs by the new service units added

Water Impact Fee	
10-Year Escalated CIP Costs:	\$ 14,545,279
Financing Cost (+):	\$ 4,056,672
Existing Fund Balance (-):	\$ -
Interest Earnings (-):	\$ (1,164,527)
<b>Pre-Credit Recoverable Costs:</b>	<b>\$ 17,437,424</b>

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50% Credit:	\$ (8,718,712)
Maximum Recoverable Costs:	\$ 8,718,712
Service Units:	750
<b>Maximum Assessable Impact Fee per Service Unit:</b>	<b>\$ 11,625</b>

# Impact Fee Marketability is Supported by Review of Impact Fees Recently Adopted by Neighboring Communities



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■ Water

# Water Impact Fees Determined for Varying Water Meter Types and Sizes Using AWWA Equivalency Tables

Meter Size (inch)	Meter Type	Continuous Duty Maximum Flow Rate (gpm)	Ratio to 5/8-Inch Meter	Maximum Assessable Impact Fees
5/8	Displacement Type	10	1	\$11,625
5/8 x 3/4	Displacement Type	10	1	\$11,625
3/4	Displacement Type	15	1.5	\$17,438
1	Displacement Type	25	2.5	\$29,063
1.5	Displacement Type	50	5	\$58,125
2	Displacement Type	80	8	\$93,000
2	Compound	80	8	\$93,000
3	Compound	175	17.5	\$203,438
3	Turbine Vertical Shaft	220	22	\$255,750
3	Turbine High Velocity	350	35	\$406,875
4	Compound	300	30	\$348,750
4	Turbine Vertical Shaft	420	42	\$488,250
4	Turbine High Velocity	650	65	\$755,625
6	Compound	675	67.5	\$784,688
6	Turbine Vertical Shaft	865	86.5	\$1,005,563
6	Turbine High Velocity	1,400	140	\$1,627,500
8	Compound	900	90	\$1,046,250
8	Turbine High Velocity	2,400	240	\$2,790,000
10	Turbine High Velocity	3,500	350	\$4,068,750
12	Turbine High Velocity	4,400	440	\$5,115,000

# Incorporating CIAC Feedback Improves Confidence in Impact Fee Study

- Consensus items:
  - Initial thoughts on setting impact fee amount
- Any questions?



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## Next Steps

Action	Anticipated Date	Completed
CIAC Presentation No. 1 – Draft Land Use Assumptions and Water CIPs	January 25, 2024	✓
Board Meeting – Public Hearing for Approval of Land Use Assumptions and CIPs	March 18, 2024	✓
CIAC Presentation No. 2 – Draft Impact Fees	May 9, 2024	✓
CIAC Written Recommendation to District Board	June 7, 2024	
Board Meeting – Public Hearing for Approval of Impact Fees	June 17, 2024	
Board Meeting – Adopt Impact Fee Policy	July 8, 2024	



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